

AMENDED IN ASSEMBLY JUNE 23, 2005

AMENDED IN SENATE MAY 31, 2005

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SENATE BILL

No. 131

Introduced by Senator Chesbro

January 31, 2005

An act to ~~amend Section 14132.100 of~~ *add Sections 14132.101 and 14132.102* to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 131, as amended, Chesbro. Medi-Cal: federally qualified health centers and rural health clinics: reimbursement rates.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which health care services are provided to qualified low-income persons. *Federally qualified health center (FQHC) services and rural health clinic (RHC) services described under federal law are covered Medi-Cal benefits. Existing law requires that FQHCs and RHCs be reimbursed on a per-visit basis and defines "visit" for this purpose as a face-to-face encounter between the FQHC or RHC patient and designated health care providers under prescribed conditions.*

This bill would provide that FQHC services shall only be reimbursed pursuant to these provisions if the services are furnished by certain providers to an individual who is an FQHC patient, as defined under the bill, at any one of 9 types of locations. The bill would require prior approval by the Director of Health Services for reimbursement as provided under these FQHC provisions for services furnished in the office of a provider to both FQHC patients and individuals who are not patients of the FQHC.

Existing law authorizes an FQHC to elect to be reimbursed on a fee-for-service basis for pharmacy and dental services.

Existing law establishes procedures for a federally qualified health center or rural health clinic to submit scope-of-service rate change requests to qualify for an adjustment to its per-visit rate.

~~This bill would revise these procedures.~~

~~Existing law requires the department to seek all necessary federal approvals to implement the provisions pertaining to Medi-Cal coverage of FQHC and RHC services, no later than March 30, 2004.~~

~~This bill would extend this date to March 30, 2006.~~

~~This bill would provide that the provisions of the bill shall only be implemented if funds are available through an appropriation for that purpose in the annual Budget Act. The bill would require that the appropriation provide for implementation of all of the provisions of the bill.~~

This bill would authorize an FQHC to elect to be reimbursed on a fee-for-service basis, in addition, for Medi-Cal covered services that are provided pursuant to a written agreement with a health care provider if the service is not a type commonly furnished in the clinic setting. The bill would require that the costs associated with the services be adjusted out of the FQHC's clinic prospective payment rate as a scope-of-service change.

Existing law provides for the establishment of a commission to operate a local initiative that provides or arranges for the delivery of health care services in all or part of the geographic area of Los Angeles County. Existing law authorizes the department to obtain approval for a demonstration or pilot project under applicable federal laws in connection with the local initiative in Los Angeles County.

This bill would require FQHCs that are receiving cost-based reimbursement under the terms of the Los Angeles County Section 1115 Waiver Demonstration Project on June 30, 2005, to transition to a prospective payment system rate upon expiration of that waiver.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 14132.101 is added to the Welfare and*
- 2 *Institutions Code, to read:*

1 14132.101. (a) A federally qualified health center (FQHC)
2 shall be directly reimbursed on a per-visit basis for federally
3 qualified health center services (FQHC services), as defined in
4 Section 1396d(a)(2)(C) of Title 42 of the United States Code, in
5 the manner set forth in Section 14132.100, and applicable
6 provisions of state and federal Medicaid law relating to FQHCs.

7 (b) FQHC services shall be reimbursed as described in
8 subdivision (a), when these services are furnished by a provider
9 specified in subdivision (g) of Section 14132.100 to an individual
10 who is a patient of the FQHC, as defined by subdivision (c), at
11 any of the following locations:

12 (1) A clinic licensed or exempt from licensure under Section
13 1204 or 1206 of the Health and Safety Code, and that is owned
14 or operated by the FQHC.

15 (2) A mobile health care unit licensed or exempt from
16 licensure under Chapter 9 (commencing with Section 1765.101)
17 of Division 2 of the Health and Safety Code, and that is owned or
18 operated by the FQHC.

19 (3) An adult day health care facility licensed under Chapter
20 3.3 (commencing with Section 1570) of Division 2 of the Health
21 and Safety Code, and that is owned or operated by the FQHC.

22 (4) A health care facility licensed or described in Division 2
23 (commencing with Section 1200) of the Health and Safety Code,
24 where a patient of the FQHC is being treated for health or
25 medical reasons.

26 (5) A private or public preschool, elementary school,
27 secondary school, or postsecondary school, including services of
28 the type described in Section 14132.06.

29 (6) A location outside the clinic that is a migrant labor camp,
30 farmworker housing as described in subdivision (d) of Section
31 50199.50 of the Health and Safety Code, or housing for
32 migratory agricultural workers as described in Section 50710 of
33 the Health and Safety Code.

34 (7) Any location outside the clinic when the services are
35 furnished to an individual who does not reside in a permanent
36 dwelling or does not have a fixed home or mailing address.

37 (8) A patient's home or a board and care facility.

38 (9) Any location where services of a type commonly furnished
39 in the clinic setting are furnished to a patient of the FQHC, and

1 *where the patient must be treated at the location rather than at*
2 *the FQHC site for health or medical reasons.*

3 *(c) "Patient" shall have the meaning adopted by the United*
4 *States Department of Health and Human Services, Health*
5 *Resources and Services Administration, for purposes of*
6 *implementing the 340B Discount Drug Program, as established*
7 *under Section 430B of the Public Health Act, Section 254b of*
8 *Title 42 of the United States Code.*

9 *(d) Notwithstanding subdivision (b), where the services are*
10 *furnished in the office of a provider of a type specified in*
11 *subdivision (g) of Section 14132.100, by that provider, to both*
12 *FQHC patients and to individuals who are not patients of the*
13 *FQHC, the services that are provided on behalf of the FQHC*
14 *shall not be reimbursable to the FQHC in the manner described*
15 *in subdivision (a), unless the arrangement has received the prior*
16 *approval of the director as being necessary and appropriate to*
17 *ensuring access to the necessary health care services by*
18 *Medi-Cal program beneficiaries.*

19 *(e) In addition to the goods and services identified in*
20 *subdivision (k) of Section 14132.100, an FQHC may elect to be*
21 *reimbursed on a fee-for-service basis for Medi-Cal covered*
22 *services that are provided pursuant to a written agreement with*
23 *a health care provider if the services are not of a type commonly*
24 *furnished in the clinic setting. The costs associated with these*
25 *services shall be adjusted out of the FQHC's clinic prospective*
26 *payment rate as a scope-of-service change in the manner set*
27 *forth in subdivision (e) of Section 14132.100. These services*
28 *shall include, but not be limited to, obstetrical and gynecological*
29 *surgical services when provided by a primary care physician or*
30 *certified nurse midwife on an inpatient basis, and such additional*
31 *services as approved by the department on a case-by-case basis.*

32 *SEC. 2. Section 14132.102 is added to the Welfare and*
33 *Institutions Code, to read:*

34 *14132.102. (a) Federally qualified health centers*
35 *(FQHC) that are receiving cost-based reimbursement under the*
36 *terms of the Los Angeles County 1115 Waiver Demonstration*
37 *Project on June 30, 2005, shall be required to transition to a*
38 *prospective payment system (PPS) rate upon expiration of that*
39 *waiver. These FQHCs shall be referred to in this section as "Los*
40 *Angeles cost-based FQHCs."*

(b) For visits occurring on or after July 1, 2005, Los Angeles cost-based FQHCs shall receive a PPS rate equivalent to the following:

(1) FQHC sites that were in existence during the FQHC's 2000 fiscal year shall be permitted to elect their 2000 per-visit rates or the average of the 1999 and 2000 per-visit rates as reported on the cost reports submitted for those fiscal years adjusted as described in subdivision (c).

(2) FQHC sites that were first qualified as an FQHC after the site's 2000 fiscal year shall receive a base rate equivalent to the first full fiscal year rate, as reported on the cost report submitted for that fiscal year and adjusted as described in subdivision (c).

(3) Sites that were first qualified as an FQHC after the site's 2000 fiscal year, and that have not yet filed a cost report for their first full fiscal year shall have a rate set in accordance with subdivision (i) of Section 14132.100 and adjusted as described in subdivision (c).

(c) The base rates described in this section shall be adjusted in the manner described in subdivisions (d), (e), and (f) of Section 14132.100. No new cost reports shall be required in order for a Los Angeles cost-based FQHC to claim scope of service changes occurring prior to July 1, 2005, only a description of the events triggering any applicable rate changes. This information shall be provided by the FQHC no later than July 1, 2006.

(d) The department shall, by no later than March 30, 2006, promptly seek all necessary federal approvals in order to implement this section, including any amendments to the state plan. To the extent that any element or requirement of this section is not approved, the department shall submit a request to the federal Centers for Medicare and Medicaid Services for any waivers that would be necessary to implement this section.

(e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and only to the extent that all necessary federal approvals are obtained and there is an appropriation for the purposes of implementing this section, the department may implement this section without taking any regulatory action and by means of a provider bulletin or similar instructions.

~~SECTION 1. Section 14132.100 of the Welfare and Institutions Code is amended to read:~~

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, May 31, 2005. (JR11)**

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